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OPTION II

PROPOSED REORGANIZATION OF THE

OFFICE OF LOGISTICS

ACQUISITION SYSTEM

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Purpose: This paper proposes to Office of Logistics (OL) management an alternate functional realignment of organizational structure within OL. This proposal addresses the implementation of the Logistics Integrated Management System (LIMS) and considers the minimizing of impact and trauma on the existing organization. This paper presents concepts upon which to elicit discussion and does not attempt to prescribe details. This plan will be further refined as necessary, upon OL senior management consideration and further direction.

Scope: LIMS will, upon initial implementation, be predominately a materiel and services acquisition system. Therefore, the elements of this paper are concerned only with those existing organizational elements relating to these processes. Also, the basic premise of LIMS and this proposal is that they must increase OL responsiveness to Agency customers, in requisitioning material and services. So as to maximize responsiveness and limit impact upon existing OL components considered in this paper, only those elements that comprise the existing Supply Division (SD), Procurement Division (PD), [REDACTED]

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[REDACTED] are discussed.

Objectives:

- Maximize OL responsiveness while minimizing impact upon the existing organization.
- Provide cross-fertilization between Logistics procurement and supply disciplines.

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- Separate and consolidate acquisition activities associated with small purchases and low risk (less than \$10,000) from large acquisitions and high risk (greater than \$10,000) that usually require highly trained technical procurement careerists.
- Provide a managerial balance within the acquisition activities to maximize flexibility in shifting resources that can accommodate changing work loads.
- May be phased in prior to LIMS implementation and thereby minimize disruptions.
- Increase emphasis on centralizing the processing of high volume, low dollar acquisitions.
- Distinguish between the types and levels of management required for systems acquisitions, i.e., contracting activities versus procurement processes.

Assumptions:

- Functional subdivisions of the existing organization can be consolidated and rearranged as necessary to support improved responsiveness.
- The future environment in which the Agency logistics system will operate is likely to place increasing emphasis upon small direct purchases and depot services; inventory actions and large systems acquisitions will remain relatively stable.

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- Small purchase acquisitions do not require the same level of procurement expertise as do larger contracts. Supply oriented careerist can rotate to small purchase functional elements and, conversely, small purchase staffing can rotate throughout remaining supply functions within the organization.
- The small purchase function of the new organization will continue to provide entry level training to those aspiring to careers in the procurement field.

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"Y" Division (New) [REDACTED]Rational:

Approximately 90 percent of all annual materiel acquisitions involving procurement actions, require expenditures of funds of less than \$10,000 per action. Dollar value of these actions constitute approximately 12 percent of the total dollars expended. In other words, 12 percent [REDACTED] of the total dollars spent by the Agency go to satisfy approximately 90 percent of all direct acquisitions based upon statistics from the D/L Briefing Book. To consolidate these activities, it is proposed that two existing branches of the Supply Division (IDSB and SPB) and two branches of the Procurement Division (GPB and [REDACTED]) be withdrawn from each Division to form the nucleus of a new division within OL (see attached diagram, Division Y). The new Division would be dedicated to handling purchase actions, which, for the most part are low risk, high volume, low dollar value actions. It is recognized that acquisitions made via Government sources often exceed the \$10,000 threshold, but it is also recognized that these actions are low risk and constitute a brokering action between the Agency and an actual procurement authority.

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[redacted] reduction in authorized positions [redacted] to a reconfigured Procurement Division. However, in consideration of the complex tasks within sophisticated contracting, this reduction in ceiling should not jeopardize the grade structure of that component.

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Likewise, it can be anticipated that the shifting of [redacted]

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[redacted] from the Supply Division will not significantly influence that Division's grade structure, since it will shrink only [redacted] authorized positions.

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It can be reasonably assured that the creation of a new division that centralizes small purchase activities throughout the office will enhance organizational grade structures. More importantly, however, it postures the office to better manage activities associated with materiel distribution, inventory, and acquisition functions.

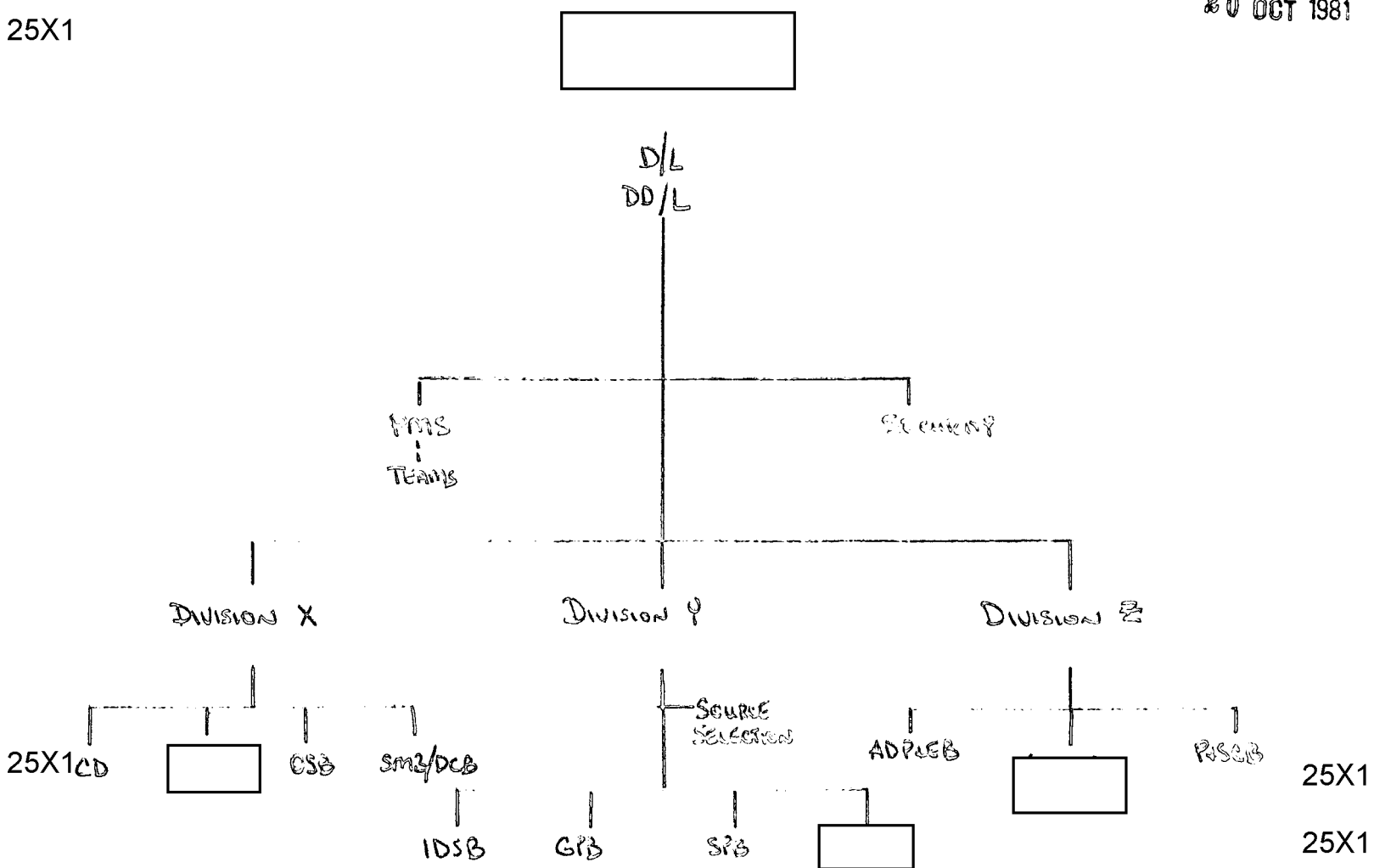
As is known, the LIMS system is primarily dedicated to automating and expediting acquisition processes. Its keystone module is the procurement function which, again, will serve high volume, low dollar value acquisition actions. LIMS will provide rapid assessment of workload and response requirements, permitting managers to take action as necessary. In addition, it will resolve, simplify, and speed those OF actions associated with high volume activities. Therefore, it is perceived that the eventual imposition of LIMS functions upon the OL organization will be more readily and easily undertaken within the reorganization alternative described herein.

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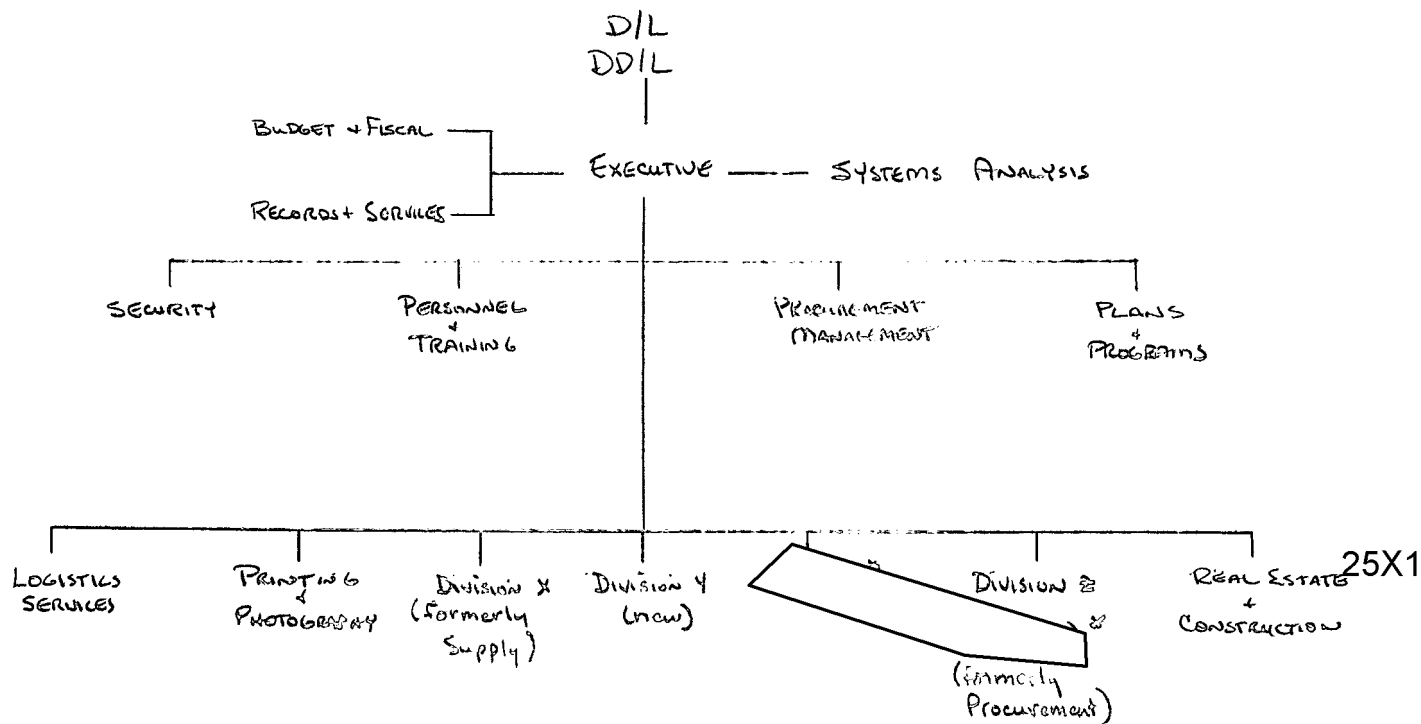


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